



**HEALTH RESOURCES AND SERVICES ADMINISTRATION
DIVISION OF SERVICE SYSTEMS
TITLE I**

**RYAN WHITE CARE ACT
TECHNICAL ASSISTANCE CONFERENCE CALL
SERIES:**

“LOCAL PHARMACY ASSISTANCE PROGRAMS”

**Tuesday, February 12, 2002
4:00 P.M. Eastern Standard Time**

Arranged by:
Health Resources and Services Administration,
Division of Service Systems,
Title I

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I. EXECUTIVE SUMMARY

This report summarizes the proceedings of the February 12, 2002 Title I Technical Assistance conference call, titled *Local Pharmacy Assistance Programs*. Following the opening and welcome by the Moderator, Frances Hodge, Doug Morgan, Director, Division of Service Systems, opened the call by providing HRSA announcements. Mr. Morgan also fielded several questions on the announcements (See Section III). Following the question and answer session, JoAnn Spearmon, ADAP Branch Chief provided the featured presentation.

II. DIVISION OF SERVICES SYSTEMS (DSS) ANNOUNCEMENTS

**Doug Morgan, Director
Division of Service Systems**

ALL TITLES MEETING

Recently, the Bureau sent official correspondence to each EMA, regarding the August 20-23, 2002 All Titles Meeting. This correspondence provides information about the meeting, logistics, and the Washington, D.C. venue. Any grantee that has not received this correspondence should contact their project officer immediately.

EMAs should plan to utilize program funds to send four** representatives to the meeting. The Bureau will notify all EMAs if the number of attendees increases to five.

FY 2002 TITLE I GRANT AWARDS

Currently, the Grants Division is preparing Notices of Grant Award. Within the next few days, HAB officials will forward the notices to the Office of the Congressional Liaison at which time they become available to you from your contact there. HAB is prevented from providing grant award information for 72-hours after the release to the Congressional Liaison. Once the 72-hour embargo is lifted, the Grants Division will mail them to you.

The Bureau plans to send formal Notices of Grant Awards to each EMA no later than February 19, 2002.

POSSIBLE REDUCTIONS IN 2002 GRANT AWARDS

Overall, the FY 2002 appropriation was increased by \$15 million from the FY 2001 appropriation. However, several mitigating factors may lead to award decreases for several EMAs. Such factors include:

- 1) Relative decline in the number of infected individuals within regions/EMAs;

- 2) Poorer performance on the competitive application process (this year all applications were reviewed and scored internally);
- 3) New rules for implementing the Congressional Black Caucus (CBC) Initiative / Minority AIDS Initiative; and
- 4) The implementation of the Hold Harmless Provision

III. DSS ANNOUNCEMENTS, QUESTION & ANSWER SESSION

* All responses provided by Doug Morgan, DSS Director

Topic: CBC Funds

Question: Please explain how increases in CBC funds can contribute to declines in EMA funding?

Response: Overall, CBC funds increased by \$7.8 million from the FY2001 budget. However, these funds are taken from the Supplemental portion of the EMA award, once several necessary reductions are made. Specifically, the Bureau makes reductions in the Supplemental award to fund the Hold Harmless Provision and distributes the funds to each of the 51 EMAs based on their competitive score.

Topic: The Hold Harmless Provision

Question: Based on the previous response, is it fair to say the Hold Harmless Provision harms some cities?

Response: The Hold Harmless language was incorporated into the 1996 Amendment, however it was revised in the 2000 Reauthorization. The change will result in declines in the percentage of Hold Harmless funds over the subsequent five years. Essentially, the Hold Harmless Provision operates in the same manner, and in the past more than a few cities benefited.

IV. PRESENTATION – “LOCAL PHARMACY ASSISTANCE PROGRAMS” Jo Ann Spearmon, ADAP Branch Chief

In the fall of 2001 an intern, assigned to the ADAP Branch, conducted a preliminary review of local Pharmacy Assistance Programs to understand pharmaceutical-purchasing practices and compare the effectiveness of each EMA's purchasing strategies to that of the state ADAP.

The impetus for this study included the recognition that the HIV-positive population continues to grow and each EMA employs local pharmacies to

distribute medications to Ryan White Title I clients, independent of Title II and ADAP. The study hypothesized that flat funding for Ryan White Title programs will prove insufficient prompting HAB to implement innovative approaches to decrease costs while maintaining quality care.

Constraints on implementing innovative pharmaceutical therapy in the near future include the following:

- 1). The Centers for Disease Control's estimation that 40,000 Americans will become infected with HIV every year for the next few years;
- 2). The transformation of HIV to a chronic disease due to Highly Active Anti-Retroviral Therapy (HAART); and
- 3). The financial benefit to pharmaceutical companies from production of HAART medications.

Currently, patients who initiate HAART regimens must remain on the treatment for the remainder of their lives. However, pharmaceutical companies are promising medications that are more effective at combating HIV, opportunistic infections, and co-morbidities. Still, these medications will come with large price tags. For these reasons, HAB must conduct further reviews of medication-purchasing practices to ensure EMAs are maximizing scarce resources.

RESEARCH DESIGN

HAB identified 16 grantees that utilize local pharmacy assistance programs and spend a significant amount of money purchasing medications, to serve as controls for the study. The grantees completed evaluation forms which provided information related, but not limited to a) type of drugs purchased; b) cost-savings strategies for the purchase of medications; and c) prices paid for individual medications.

RESEARCH FINDINGS

The study found that 50 percent of the EMAs sampled utilized their funds to purchase a significant number of anti-retroviral medications. The remaining programs utilized their pharmacy program to provide wrap-around services. 36 percent of the EMAs purchased opportunistic infection medications and 14 percent purchased medications classified as "other".

The costs EMAs paid to purchase anti-retroviral medications varied significantly from those paid by state ADAPs. For example, the average wholesale price EMAs paid for one tablet of Combivir was \$10.34. The cost under ADAP's Direct Discount program (the 340B Drug Discount Program) was \$6.46 while Title I programs paid \$8.13. Participating EMAs paid an average of \$4.77 for one tablet of Epivir while ADAP paid \$2.90 and Title I paid \$3.80 for the same drug. EMAs paid a wholesale price of \$5.59 for one 300-milligram table of AZT. ADAP paid \$3.59 and Title I paid \$4.57 for the same drug.

The study revealed that programs using ADAP's 340B Drug Discount program paid the lowest amount, on average, for medications and those utilizing wholesale purchasing practices paid the highest costs. These findings were consistent despite the fact that 25 percent of the EMAs participated in manufacturer rebate programs and the 50 percent "negotiated" discounts on an individual basis. In addition, local pharmacy assistance programs paid 31 percent more than state ADAPs for anti-retroviral medications.

STUDY RECOMMENDATIONS

Only 16 EMAs participated in this study, a relatively small percentage of EMAs. However, DSS believes that the preliminary findings are significant and warrant larger studies of medication-purchasing practices. The recommendations and inferences derived from this study are the following:

- 1) EMAs operating local pharmacy assistance programs would benefit from effective coordination between the EMA and the State's ADAP program;
- 2) All participating agencies should provide wrap-around pharmaceutical services;
- 3) EMAs can contribute funds to the state ADAP for the purchase of medications (for EMA clients) or provide emergency pharmaceutical services that do not duplicate the services offered by the state; and
- 4) State ADAPs and EMA Planning Councils should communicate regularly, regarding the purchase of pharmaceutical services

OTHER DRUG PURCHASING OPTIONS

As recipients of Ryan White CARE Act funds, EMAs are considered "covered entities" and therefore eligible to participate in the 340B Drug Discount Program. Additionally, Section 602 of the Veterans Healthcare Act (also known as the Public Health Service Drug Pricing Program) makes discount drug-purchasing provisions for EMAs. HRSA's Office of Pharmacy Affairs operates the latter option. Specifically, EMAs have the option of incorporating the 340B Drug Discount Program, the 340B Prime Vender Program, or a system known as the Alternative Methods Demonstration Initiative into their drug- purchasing practices.

The 340B Drug Discount Program provides immediate cost-savings via direct drug purchase. Using this system, EMAs pay the average wholesale price minus 15.1 percent for single-source drugs and wholesale price minus 11 percent for generics.

DSS officials developed the 340B Prime Vender Program to maximize the benefits of a prescription drug program for clients while offering purchasing power for EMAs. Preliminary research from 340B Prime Vender studies show that EMAs secured savings of 20 to 50 percent off regular market prices for medications.

The new Department of Health and Human Services Secretary signed the Alternative Methods Demonstration Project on June 18, 2001. Continued requests for increased flexibility among existing 340B participants served as the stimulus for this program. Under this initiative, project administrators will enjoy the flexibility to participate in single purchasing and dispensing systems that serve covered entity networks. Administrators may also utilize the Economies of Scale Theory to purchase discounted drugs in bulk, contract with multiple pharmacy service providers and utilize contracted pharmacy services to supplement in-house pharmacy services. The benefits of this program include:

- 1) Increased access to drugs;
- 2) Increased utilization of discounted drugs among grantees;
- 3) Increased client compliance and disease management as a result of greater access; and
- 4) Decreased costs to the healthcare system and to society

PARTICIPATING IN DISCOUNT DRUG PROGRAMS

EMAs may obtain instructions and proposals for Alternative Methods Demonstration Initiative by contacting the Office of Pharmacy Affairs at **(800) 638-6297**. Grantees should contact their Title I project officer or a member of the ADAP staff at **(301) 443-6745** for information on the Section 340B programs.

V. CLOSING ANNOUNCEMENTS

Doug Morgan, DSS Director

In closing, Doug Morgan reiterated the importance of enhanced communication and coordination between EMAs and their State's ADAP program.

Moderator, Frances Hodge

For additional information regarding this conference call, or to make suggestions for future conference calls please forward to:

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The next Title I conference call is scheduled for March 12, 2002.